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**HEALTH CORPORATION LIMITED  
(TO BE RENAMED “ERIN RESOURCES LIMITED”)  
ACN 116 800 269**

**NOTICE OF GENERAL MEETING**

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**TIME:** 11:00am

**DATE:** 17 August 2012

**PLACE:** Level 21, Allendale Square, 77 St Georges Terrace, Perth WA 6000

**The Directors believe the proposed change of activities is in the best interests of Shareholders and recommend that Shareholders vote in favour of all Resolutions set out in this Notice of Meeting.**

**This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.**

**Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9389 2000.**

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**IMPORTANT INFORMATION**

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**TIME AND PLACE OF MEETING**

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Notice is given that the general meeting of the Shareholders to which this Notice of Meeting relates will be held at 11:00am on 17 August 2012 at:

Level 21, Allendale Square, 77 St Georges Terrace, Perth WA 6000

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**YOUR VOTE IS IMPORTANT**

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The business of the General Meeting affects your shareholding and your vote is important.

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**VOTING ELIGIBILITY**

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The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders at 7:00pm (EST) on 15 August 2012.

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**VOTING IN PERSON**

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To vote in person, attend the General Meeting at the time, date and place set out above.

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**VOTING BY PROXY**

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and

- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this General Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes is set out below.

### ***Proxy vote if appointment specifies way to vote***

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

### ***Transfer of non-chair proxy to chair in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting;
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

**INDICATIVE TIMETABLE\***

<b>Event</b>	<b>Date</b>
Despatch Notice of Meeting seeking approval for Merger	17 July 2012
Lodgement of Prospectus with the ASIC	23 July 2012
Despatch of Prospectus	25 July 2012
Opening of Offer and Priority Offer for Capital Raising under the Prospectus	30 July 2012
General Meeting to approve Merger and Change in Nature and Scale of Activities	17 August 2012
Suspension of HEA's securities from trading on ASX at the opening of trading	17 August 2012
Closing Date of Priority Offer under the Prospectus	20 August 2012
Closing Date of Offer for Capital Raising under the Prospectus	20 August 2012
Ex Date – Consolidation	21 August 2012
Consolidation Record Date	27 August 2012
Despatch Date – Consolidation	3 September 2012
Completion of Merger and issue of Shares under Capital Raising	6 September 2012
Anticipated date the suspension of trading is lifted and HEA's securities commence trading again on ASX	7 September 2012

\*Note: this timetable is indicative only and is subject to change. The Directors of the Company reserve the right to amend the timetable.

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**LETTER TO SHAREHOLDERS**

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Dear Shareholder

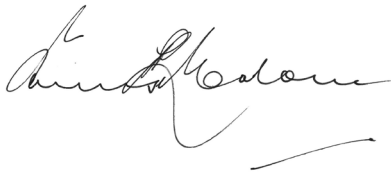
I have pleasure in presenting a notice of general meeting to be held on 17 August 2012 to secure the approval of shareholders for a change in the nature and scale of your company's activities from a bioscience and technology company to a mineral resources exploration company.

Shareholders will also be requested to approve a number of resolutions related to the acquisition of Erin Mineral Resources Limited and its mining exploration projects in Senegal, the consolidation of the capital of the Company, a capital raising, the issue of options, a change of name of the Company and the adoption of a new constitution.

The proposed change in the activities of the Company involves the acquisition of 7 prospective gold exploration projects located in Senegal that present Health Corporation Limited (to be renamed "Erin Resources Limited") with an exciting opportunity and offers the potential of significant future growth for the Company.

I ask that you read the Notice of Meeting and attached Explanatory Statement carefully, and trust you will agree with the Board that this change of direction is a significant transformational opportunity for your Company.

Yours sincerely



**James Malone**  
**Non-Executive Chairman**  
**HEALTH CORPORATION LIMITED**  
**(to be renamed "ERIN RESOURCES LIMITED")**

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. RESOLUTION 1 – CHANGE IN NATURE AND SCALE OF ACTIVITIES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to and conditional upon the passing of Resolutions 2 to 4, for the purpose of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change in the nature and scale of its activities as set out in the Explanatory Statement.”*

**Short Explanation:** If successful, the Acquisition will result in the Company becoming a gold exploration company. ASX Listing Rule 11.1.2 requires the Company to seek Shareholder approval where it proposes to make a significant change to the nature and scale of its activities. ASX has also advised the Company that it will be required to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules in accordance with ASX Listing Rule 11.1.3. Please refer to the Explanatory Statement for details.

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### 2. RESOLUTION 2 – CONSOLIDATION OF CAPITAL

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to and conditional upon the passing of Resolutions 1, 3 and 4, for the purposes of Section 254H of the Corporations Act, ASX Listing Rule 7.20 and for all other purposes, approval is given for the issued capital of the Company to be consolidated on the basis that every 10 Shares be consolidated into 1 Share and where this Consolidation results in a fraction of a Share being held by a Shareholder, the Directors be authorised to round that fraction up to the nearest whole Share”*

**Short Explanation:** The Company must consolidate its capital in order to satisfy Chapters 1 and 2 of the ASX Listing Rules and as a condition of the Company's securities recommencing trading on the ASX following the Acquisition.

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#### 3. RESOLUTION 3 – CAPITAL RAISING

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to and conditional upon the passing of Resolutions 1, 2 and 4, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue up to 12,500,000 Shares at an issue price of not less than \$0.20 per Share, to raise \$2,500,000 (on a post-Consolidation basis) by way of full subscription, and a further 2,500,000 Shares at an issue price of not less than \$0.20 per Share, to raise a further \$500,000 by way of oversubscriptions (on a post-Consolidation basis), on the terms and conditions set out in the Explanatory Statement.”*

**Short Explanation:** The Company must issue a Prospectus in order to satisfy the requirements of Chapters 1 and 2 of the ASX Listing Rules and as a condition of the Company's securities recommencing trading on the ASX following the Acquisition. Please refer to the Explanatory Statement for details.

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### 4. RESOLUTION 4 – ISSUE OF CONSIDERATION SECURITIES TO THE VENDORS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to and conditional upon the passing of Resolutions 1 to 3, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue 250,000,000 Shares (on a pre-Consolidation basis) and 130,000,000 VHL Shares (on a pre-Consolidation basis) pro-rata to the shareholders of Erin Mineral Resources Limited (or their nominees), as consideration for the acquisition of 100% of the issued share capital of Erin Mineral Resources Limited, on the terms and conditions set out in the Explanatory Statement.”*

**Short Explanation:** The Company has entered into a Financing and Merger Implementation Agreement with Erin Mineral Resources Limited (**Erin**) under which the Company has agreed to make separate offers of Shares and Voluntary Holding Lock Shares (**VHL Shares**) to the Erin shareholders in order to acquire (directly and indirectly) all of the issued share capital in Erin. The Company seeks shareholder approval for the issue of the Shares and VHL Shares in accordance with ASX Listing Rule 7.1.

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### 5. RESOLUTION 5 – ISSUE OF CONSIDERATION SECURITIES TO ROBERT & JANE BESLEY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to and conditional upon the passing of Resolutions 1 to 4, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 6,683,499 Shares and 3,475,420 VHL Shares (on a pre-Consolidation basis) to Mr Robert Besley and Mrs Jane Besley as trustees for the R & J Besley Superannuation Fund (or their nominees) on the terms and conditions set out in the Explanatory Statement.”*

**Short Explanation:** Robert Besley and Jane Besley are both related parties of the Company and are both shareholders in Erin. The purpose of this Resolution is to approve the issue of Consideration Securities apportioned to both Mr Robert Besley and Mrs Jane Besley in accordance with Resolution 4.

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Mr Robert Besley or Mrs Jane Besley (or their nominees) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 6. RESOLUTION 6 – ISSUE OF SHARES TO ROBERT BESLEY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to and conditional upon the passing of Resolutions 1 to 4, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue up to 250,000 Shares (on a post-Consolidation basis) to Mr Robert Besley by way of subscription under the Capital Raising on the terms and conditions set out in the Explanatory Statement."*

**Short Explanation:** Mr Robert Besley, a proposed director of the Company, intends to subscribe for up to 250,000 Shares (on a post-Consolidation basis) under the Capital Raising.

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Mr Robert Besley (or his nominees) and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 7. RESOLUTION 7 – ISSUE OF SHARES TO GRANT DAVEY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to and conditional upon the passing of Resolutions 1 to 4, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue up to 500,000 Shares (on a post-Consolidation basis) to Mr Grant Davey by way of subscription under the Capital Raising on the terms and conditions set out in the Explanatory Statement."*

**Short Explanation:** Mr Grant Davey, a director of the Company, intends to subscribe for up to 500,000 Shares (on a post-Consolidation basis) under the Capital Raising.

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Mr Grant Davey (or his nominees) and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 8. RESOLUTION 8 – ISSUE OF SHARES TO JAMES MALONE

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to and conditional upon the passing of Resolutions 1 to 4, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue up to 250,000 Shares (on a post-Consolidation basis) to Mr James Malone by way of subscription under the*



*Capital Raising on the terms and conditions set out in the Explanatory Statement."*

Short Explanation: Mr James Malone, a director of the Company, intends to subscribe for up to 250,000 Shares (on a post-Consolidation basis) under the Capital Raising.

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr James Malone (or his nominees) and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 9. RESOLUTION 9 – ISSUE OF SHARES TO DAVID CHAPMAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to and conditional upon the passing of Resolutions 1 to 4, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue up to 50,000 Shares (on a post-Consolidation basis) to Mr David Chapman by way of subscription under the Capital Raising on the terms and conditions set out in the Explanatory Statement."*

**Short Explanation:** Mr David Chapman, a director of the Company, intends to subscribe for up to 50,000 Shares (on a post-Consolidation basis) under the Capital Raising.

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Mr David Chapman (or his nominees) and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 10. RESOLUTION 10 – RATIFICATION OF PLACEMENT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to and conditional upon the passing of Resolutions 1 to 4, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 25,000,000 Shares (on a pre-Consolidation basis) on the terms and conditions set out in the Explanatory Statement."*

**Short Explanation:** Prior to the date of the General Meeting, the Company will have issued 25,000,000 Shares (on a pre-Consolidation basis) to sophisticated investors in accordance with the Financing and Merger Implementation Agreement. Approval is being sought to ratify this prior issue.

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 11. RESOLUTION 11 – ISSUE OF SECURITIES TO VERONA CAPITAL

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to the passing of Resolutions 1 to 4, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue 40,000,000 Options and 35,000,000 Shares (on a pre-Consolidation basis) to Verona Capital Pty Ltd (or its nominees), on the terms and conditions set out in the Explanatory Statement."*

**Short Explanation:** In accordance with the terms of the Merger Implementation Agreement, the Company is required to issue 40,000,000 Options and 35,000,000 Shares (on a pre-Consolidation basis) to Verona Capital (or its nominees) in consideration for services to the Company relating to the Acquisition.

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## **12. RESOLUTION 12 – CHANGE OF COMPANY NAME**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*"That, subject to and conditional upon the passing of Resolutions 1 to 4, for the purpose of Section 157(1)(a) of the Corporations Act and for all other purposes, approval is given for the name of the Company to be changed to Erin Resources Limited."*

**Short Explanation:** The Company proposes to change its name to more accurately reflect the proposed future activities of the Company, subject to the Acquisition proceeding.

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## **13. RESOLUTION 13 – ADOPTION OF NEW CONSTITUTION**

To consider and, if thought fit, to pass, the following resolution as a **special resolution**:

*"That, for the purpose of Section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the chairman of the Meeting for identification purposes."*

**Short Explanation:** The Company is seeking to adopt a new Constitution to incorporate changes that have been made to the Corporations Act in the last few years.

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**DATED: 17 JULY 2012**

**BY ORDER OF THE BOARD**

**RACHEL JELLEFF  
COMPANY SECRETARY**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

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### 1. OVERVIEW OF CHANGE OF ACTIVITIES

#### 1.1 Background

Health Corporation Limited (**HEA** or the **Company**) is a public company listed on the official list of the ASX (ASX code: HEA) with a principal focus on the bioscience technology sector. The Company has recently undergone a major restructuring of its business operations following the disposal of its pharmacy franchising operations in November 2010 and the acquisition of Intramedics Pty Ltd, a bioscience company on 17 August 2010.

The Company has been continuing with its retained business operations following the restructure and has been actively seeking to identify and evaluate potential new strategic investment opportunities in Australia and overseas suitable for acquisition and development by the Company.

#### 1.2 Background to Change in Nature and Scale of Activities

As announced on 14 May 2012, the Company has entered into a financing and merger implementation agreement (**Agreement**) to acquire 100% of the issued share capital of Erin Mineral Resources Limited (ACN 128 093 354) (**Erin**), an unlisted Australian public company (**Acquisition**).

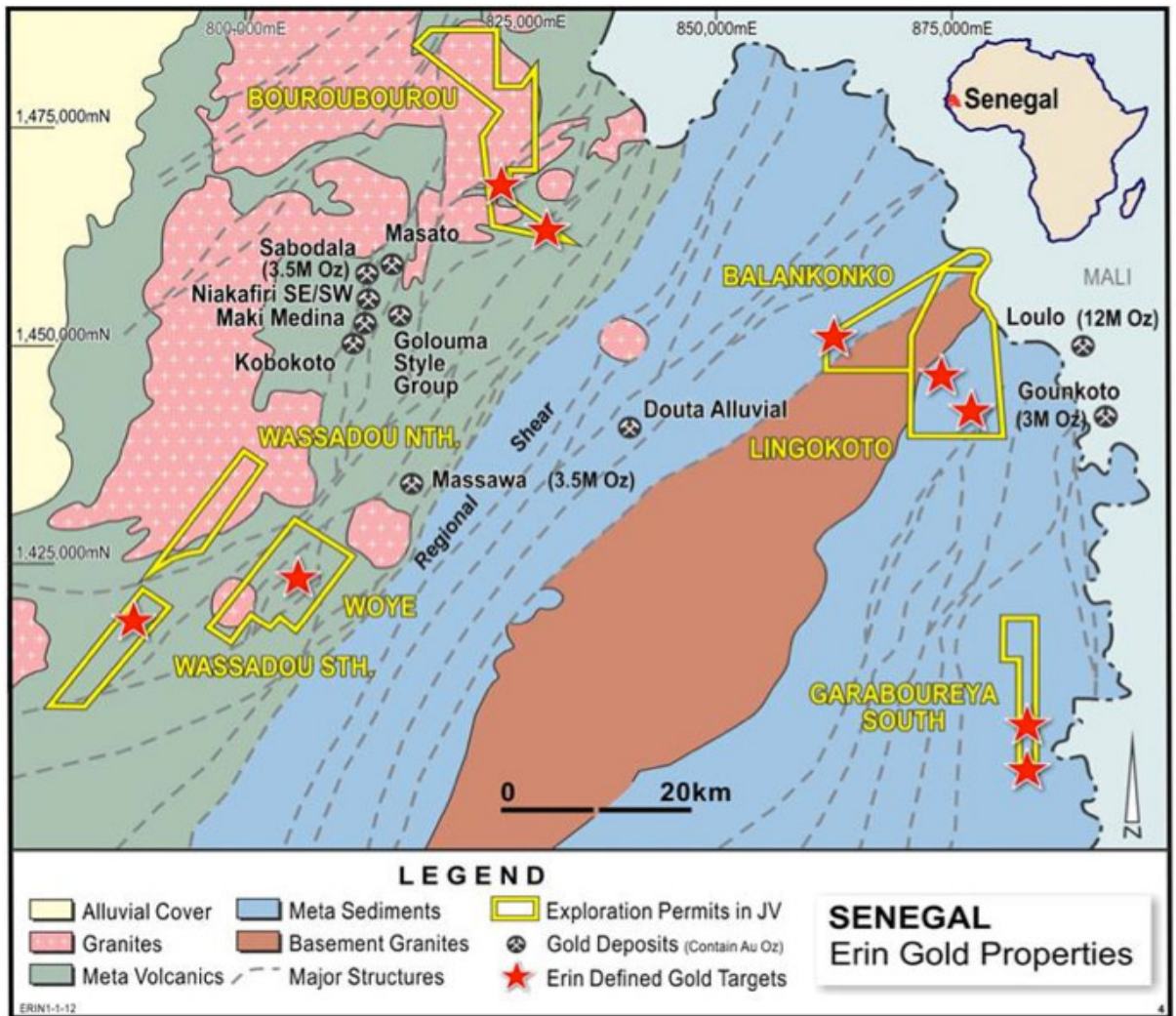
Erin holds 100% of the issued share capital in Erin Resources Pty Ltd (ACN 128 242 464) (**Erin Resources**), and Erin Resources in turn holds a 100% interest in Erin Senegal S.A.U (NINEA 004480349), a company incorporated and registered in Senegal (**Erin Senegal**). In addition, Erin Resources also holds various interests in seven (7) prospective gold assets located in the Republic of Senegal, being the Lingokoto, Bouroubourou, Wassadou (north and south), Woye, Garaboueya South and Balakonko gold projects (together, the **Projects**).

As at the date of this Notice of Meeting, Erin has informed the Company that it has received fully executed transfer forms in favour of HEA from all the Vendors. Each of these offers however is conditional upon completion occurring in accordance with the terms of the Agreement.

The Projects are located in the Kedougou Inlier in Senegal and are prospective for gold mineralisation. Accordingly, Resolution 1 seeks approval from Shareholders for a change in the nature and scale of the activities of the Company to become a gold exploration and development company with operations in Senegal.

As outlined in Section 1.7 of this Explanatory Statement, the Company has entered into the Agreement for the purpose of acquiring an interest in the Projects, by acquiring 100% of Erin.

Other information considered material to Shareholders' decision on whether to pass Resolution 1 is set out in this Explanatory Statement, and Shareholders are advised to read this information carefully.



**Figure 1: Location of Erin's Senegal Gold Projects**

### 1.3 About Senegal

The Republic of Senegal is a politically stable democratic country located to the south of the Sénégal River in West Africa. The country covers an area of approximately 196,000km<sup>2</sup>, with a 531km coastline bordering on the Atlantic Ocean. Senegal is bordered by Mauritania to the north, Mali to the east, and Guinea and Guinea-Bissau to the south with Gambia included in the south central.

Senegal has a population of about 12.5 million (2011 est.). French is the primary language and it is taught in the educational system and used in commerce.

Commercial gold mining started in Senegal in 2009 and is in the early stages of development.

The mining industry is regulated by the Ministry of Mines. In 2003 Senegal adopted a new Mining Code. The law was formulated to attract mineral and resources development in the country. State involvement in mining is restricted to royalties which compare favourably with those encountered in countries with well developed mining industries.

Taxation incentives and tax holidays have been legislated in Senegal to attract investment. Erin being an exploration company will benefit from the tax holidays and incentives.

## 1.4 Geology

Geologically Senegal divides into two major geological domains; a sedimentary basin which underlies more than 75% of the country and a Precambrian basement block which occupies the south eastern part of the country.

The sedimentary basin contains large deposits of phosphates and heavy mineral sands. The Precambrian volcano-sedimentary basement sequences of the Kedougou Inlier, to the southeast, form part of a world class gold province.

The Kedougou Inlier falls with the Palaeo-Proterozoic aged Birimian terranes of the West Africa Craton. These terranes are composed of metamorphosed (low grade) volcanic, sedimentary and plutonic rocks together with low grade metavolcanics and metasediments.

The Kedougou Inlier is host to over 45 million ounces of gold resources.

The location of ERIN's projects in Senegal together with the regional geology is shown in Figure 1.

## 1.5 Exploration Background

The prospectivity of the Kedougou Inlier is highlighted by the tight tenement holding that exists and the presence of a number of major gold companies (IamGold Corporation and Randgold Resources Limited), and juniors developing significant operations (Teranga Gold Corporation, Oromin Explorations and Bassari Resources Limited).

Competitor activity has been high in the region generating many high quality and potentially world class prospects. Randgold Resources Limited, IamGold Corporation and Teranga Gold Corporation (formally MDL Limited) are the major players in the region. The active junior explorers are led by ASX listed Bassari Resources Limited, Papillon Resources Limited and Golden Rim Resources Limited. Figure 1 sets out the location of the key recent discoveries in the region and highlights the close proximity to ERIN's ground position.

## 1.6 The Projects

### Woye Project

The Woye exploration permit 01814 (**Woye Permit**), is held by Mining Research Company Society Ltd (**MRC**). Pursuant to the terms of a joint venture agreement with MRC, Erin holds an 80% interest in the Woye Permit and is required to sole fund all exploration expenditure until completion of a positive feasibility study.

The Woye Permit covers an area of approximately 95 km<sup>2</sup> and is located along strike to the south of the Sabodala Gold Mine and the Massawa deposit.<sup>1</sup>

The area was previously held by Randgold Resources Limited who undertook rock chip sampling, soil sampling and very limited drilling in some areas of the permit.

Erin undertook regional soil sampling on an 800 metre by 400 metre grid to establish whether potential for gold mineralisation existed within the tenement area. The programme identified a linear gold anomalous zone, extending over 7 kilometres long, with associated artisanal workings linear structural zones.

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<sup>1</sup> Please note, this does not necessarily imply that discoveries will be made on the proposed Senegal projects.

The main gold anomalism (central to the permit) occurs in an area of anastomosing structures (dilation) and was not tested by the work completed by Randgold, with the exception of a few rock chip samples.

Recently Randgold has announced the results of a discovery at Tombo near to the south-western boundary of the Woye Permit (Figure 1). Possible extensions into the Woye Permit, and identified artisanal workings provide an immediate target.

### **Bouroubourou Project**

The Bouroubourou exploration permit 10332 (**Bouroubourou Permit**) is held by AfriGem SL (**Afrigem**). Pursuant to the terms of a joint venture agreement with AfriGem, Erin holds an 80% interest in the Bouroubourou Permit and is required to sole fund all exploration expenditure until completion of a bankable feasibility study.

The Bouroubourou Permit covers an area of approximately 121 km<sup>2</sup> and is located approximately 16 kilometres northeast of the Sabodala Gold Mine.<sup>2</sup>

Erin has completed regional geological and regolith mapping together with regional soil sampling on an 800 metre by 800 metre grid. Infill soil sampling on a spacing of 120 metres by 40 metres commenced late in 2011 and is continuing over anomalous areas identified in the regional soil sampling programme (red zones).

To date two splay structures, the northern hosting extensive artisanal gold workings, have been identified to the east of the tenement. The workings are within sub-vertical quartz vein sets, central to the shear zones. The two lines of artisanal gold workings extend over 500 metres and 300 metres, and occur along a structure which is interpreted to be within the extension of the structural zone which hosts the Sabodala Mine to the south of the permit.<sup>3</sup>

Based upon the results of the work completed and geological observations in the field, the gold mineralisation is interpreted to be associated with two northeast trending shear zones which form as splays from the regional structural trend. The first and second-order shear zones/fault-splays to the regional shear zones provide favourable structural settings for gold mineralisation. The mineralised zones currently have a strike potential of around 3 kilometres each and present targets for immediate follow up leading to drill evaluation.

### **Lingokoto Project**

The Lingokoto exploration permit 10333 (**Lingokoto Permit**) is held by AfriGem SL (**Afrigem**). Pursuant to the terms of a joint venture agreement with AfriGem, Erin holds an 80% interest in the Lingokoto Permit and is required to sole fund all exploration expenditure until completion of a bankable feasibility study.

The Lingokoto Permit covers an area of approximately 157 km<sup>2</sup> and is located near the border with Mali, approximately 14 km west of the operational Loulo Gold Mine, a 100 million tonne deposit at greater than 4g/t Au.<sup>4</sup> The Loulo Mine is situated in a similar geological setting to that which is present within the Lingokoto Permit.

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<sup>2</sup> Please note, this does not necessarily imply that discoveries will be made on the proposed Senegal projects.

<sup>3</sup> Please note, this does not necessarily imply that discoveries will be made on the proposed Senegal projects.

<sup>4</sup> Please note, this does not necessarily imply that discoveries will be made on the proposed Senegal projects.

Erin has completed regional geological and regolith mapping together with regional soil sampling on an 800 metre by 800 metre grid. Anomalous areas have been defined from the regional soil sampling programme (red zones). Lower order anomalies are defined due to the thick cover that exists throughout the permit area.

There is no evidence of modern exploration having taken place within the licence.

The gold anomalism occurs over extensive areas of the volcano-sedimentary rocks and is crossed by northeast trending structures.

Elevated boron values are coincident with the gold anomalies occurring within the andesite volcanics and the calcareous volcanoclastics. Elevated boron levels are potentially indicative of the occurrence of tourmaline. The gold mineralisation at the Loulo Mine has a close association with tourmaline.

The presence of areas of un-explored anomalous gold geochemistry within a structural and geological setting having analogies to the nearby major gold mining operation provides a high quality exploration target for further evaluation.

### **Balakonko Project**

The Balakonko exploration permit 07787 (**Balakonko Permit**) is held by Mining Research Company Society Ltd (**MRC**). Pursuant to the terms of a joint venture agreement with MRC, Erin holds an 80% interest in the Balakonko Permit and is required to sole fund all exploration expenditure until completion of a positive feasibility study.

The Balakonko Permit covers an area of approximately 84 km<sup>2</sup> and is located directly north of the Lingokoto Project permit.

There is no evidence of modern exploration having taken place within the licence.

Erin undertook regional soil sampling on an 800 metre by 400 metre grid to establish whether potential for gold mineralisation existed within the tenement area.

The programme identified a number of point gold anomalies within units of mafic graphitic schists and quartzite/chert. The gold anomalism occurs in a sediment package that Bassari Resources has had recent success in identifying a number of gold prospects and is in the process of resource definition drilling some of these.<sup>5</sup>

### **Garaboueya South Project (Southern Portion)**

The Garaboueya Project is made up of two parts, a northern portion and a southern portion. The Garaboueya South Permit that is included in the Erin joint venture tenements, covers an area of approximately 37 km<sup>2</sup> and is located south of the Lingokoto Permit. Erin does not have any interest in the Garaboueya North Permit.

The Garaboueya South exploration permit 07786 (**Garaboueya South Permit**) is held by Mining Research Company Society Ltd (**MRC**). Erin holds an 80% interest

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<sup>5</sup> Please note, this does not necessarily imply that discoveries will be made on the proposed Senegal projects.

in the Garaboueya South Permit and is required to sole fund all exploration expenditure until completion of a positive feasibility study.

There is no evidence of modern exploration having taken place within the licence.

Erin undertook regional soil sampling on a 400 metre by 400 metre grid to establish whether potential for gold mineralisation existed within the tenement area.

The area is dominated by extensive lateritic and iron hard-cap cover. The programme identified a number of gold anomalous areas, despite the cover, that appear to be associated with dilation structures of the Mali-Senegal Shear Zone.

The project is located approximately 10 kilometres from Papillon Resources Limited's recent Fekola discovery in Mali. Papillon have reported substantial gold drill intersections at this project. This mineralised zone has the features of a multi million ounce deposit at open cut depths.

### **Wassadou Project**

The Wassadou Project is made up of the Wassadou North exploration permit (**Wassadou North Permit**) and the Wassadou South exploration permit 12907 (**Wassadou South Permit**). The permits are held by Societe des Mines du Senegal (**SODEMINES**).

Erin holds a 77.5% interest in the two exploration permits via a joint venture with SODEMINES and is required to sole fund all exploration expenditure until completion of a positive feasibility study.

The Wassadou North Permit covers an area of approximately 40 km<sup>2</sup>. It is located along strike to the south of the Sabodala Gold Mine and Oromin deposit.<sup>6</sup>

The Wassadou South Permit covers an area of approximately 52 km<sup>2</sup> and is located along strike further to the south of the Wassadou North Permit.

#### Wassadou North

Erin completed regional soil sampling on a 400 metre by 400 metre grid to establish whether potential for gold mineralisation existed within the tenement area. Interpretation and reporting of the results is ongoing.

#### Wassadou South

Erin undertook regional soil sampling on an 800 metre by 400 metre grid to establish whether potential for gold mineralisation existed within the tenement area.

The programme identified a low order gold anomaly occurring in the northern portion of the permit associated with a known "primary" gold occurrence. The gold occurrence is also associated with a sigmoidal "tie" structure between two faults (dilation zone), and has a strong correlation with copper and tellurium (the latter possible indicating an epithermal association). There is also patchy gold anomalism in the middle of the permit that is worthy of further investigation.

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<sup>6</sup> Please note, this does not necessarily imply that discoveries will be made on the proposed Senegal projects.



**Table 1 – Summary of Erin Licenses in Senegal**

<b>License</b>	<b>Area (km2)</b>	<b>License Issued</b>	<b>JV Partner</b>	<b>Erin Ownership of Final project *</b>
Bouroubourou	121.3	1/12/2010	AfriGem	80%
Lingokoto	157	1/12/2010	AfriGem	80%
Woye	94.45	26/02/2010	MRC	80%
Balakonko (renewal pending)	83.8	13/08/2009	MRC	80%
Garaboureya (renewal pending)	36.6	13/08/2009	MRC	80%
Wassadou North	40.3	1/02/2012	SODEMINES	77.5%
Wassadou South	52.4	18/11/2011	SODEMINES	77.5%
<b>Total</b>	<b>585.85</b>			

\*GOS may have free carry of 10% of the project

## 1.7 Key Terms of the Agreement

On 14 May 2012, the Company entered into a financing and merger implementation agreement (**Agreement**) with Erin Mineral Resources Limited (ACN 128 093 354) (**Erin**), an unlisted Australian public company, together with certain warrantors of Erin to acquire 100% of the issued share capital of Erin (**Acquisition**).

In accordance with the terms of the Agreement, the Company has made separate offers to each of the shareholders in Erin (**Vendors**) to acquire 100% of their Erin shares, conditional upon completion occurring in accordance with the Agreement. As at the date of this Notice of Meeting, Erin has informed the Company that it has received fully executed transfer forms in favour of HEA from all the Vendors.

The key terms of the Agreement are as follows:

### Due Diligence

Under the Agreement the Company and Erin had until 30 May 2012 to conduct technical, legal and financial due diligence on the other party. On 30 May 2012, each party notified the other that it was satisfied with its due diligence investigations.

### Consideration

In exchange for the Company acquiring 100% of the issued share capital in Erin, the Company will issue by way of consideration on a pre-Consolidation basis, the following to the Erin shareholders (in proportion to their existing holdings in Erin):

- (a) 250,000,000 Shares; and
- (b) 130,000,000 voluntary holding lock shares (**VHL Shares**) which will may only be released from their holding lock upon the earlier of the following being satisfied:
  - (i) a change in control of the Company; or

- (ii) the Company achieving an enterprise value of A\$25 million for ten (10) consecutive trading days (**Milestone**), (together, the **Consideration Securities**).

The Company will apply for quotation of the VHL Shares upon completion and the VHL Shares will be fully paid ordinary shares that will rank equally with all existing Shares on issue.

If there is no change of control of the Company and the Milestone is not satisfied by the date that is 5 years after the date of issue of the VHL Shares, HEA will conduct either a reduction of capital or a share buyback (at a price of \$0.000001 per VHL Share) of the VHL Shares, subject to compliance with the Corporations Act.

The Consideration Securities will be subject to escrow restrictions for 12 months (or 24 months in the case of related parties of the Company) from their date of issue in accordance with the ASX Listing Rules.

Approval for the issue of the Consideration Securities to the Vendors is the subject of Resolutions 4 and 5.

### **Loan to Erin**

The Company has provided a loan facility to Erin of up to A\$900,000 to be applied towards advancing the priority exploration activities on the Projects (**Loan**) during the period up to completion. The Loan is interest-free and unsecured, and will be treated as an intercompany loan between the parties following completion of the Acquisition.

If the Agreement is terminated (for whatever reason) prior to completion of the Acquisition, Erin must, at its election, either:

- (a) repay the full amount of the Loan to HEA;
- (b) convert the Loan to fully paid ordinary shares in the capital of Erin (**Erin Shares**) (at the price Erin Shares are issued under Erin's next capital raising); or
- (c) repay part of the Loan in cash and convert the balance of the Loan to Erin Shares (at the price Erin Shares are issued under Erin's next capital raising),

on the date of completion of Erin's next capital raising.

### **Termination**

The Agreement will automatically terminate if (amongst other things), on or before completion:

- (a) HEA fails to acquire 100% of the Erin shares as a result of each Erin shareholder accepting the offer from HEA;
- (b) HEA fails to obtain all regulatory and shareholder approvals required by HEA (including the shareholder approvals set out in this Notice) in order to give effect to the Acquisition (unless otherwise waived in writing by HEA);
- (c) Erin fails to obtain all regulatory approvals required by Erin in order to give effect to the Acquisition;

- (d) Erin fails to successfully demerge its Nigerian assets from the Erin group;
- (e) HEA fails to obtain sufficient applications to meet the minimum subscription under the Prospectus; or
- (f) Erin fails to obtain any consents required, under the terms of any material contract to which it is a party, to the change of control of Erin as a result of the Acquisition.

Furthermore, if completion has not occurred by 31 December 2012 (or such later date as agreed by the parties in writing) the Agreement will automatically terminate between the parties.

### **Consolidation of Capital**

As required by the ASX Listing Rules, the Company will undertake a consolidation of its issued share capital on the basis of 1 Share for every 10 Shares held (**Consolidation**) so that the Company's Shares are valued at a minimum of \$0.20 each following the Consolidation.

Approval for the Consolidation is the subject of Resolution 2.

### **Capital Raising**

In order to fund the Acquisition and to re-comply with Chapters 1 and 2 of the ASX Listing Rules, the Company will conduct a capital raising (**Capital Raising**) to raise up to \$3,000,000 at an issue price of at least \$0.20 (following the Consolidation as defined below). The Capital Raising will be conducted under a full form prospectus to be prepared by HEA.

The Company will be required to set aside up to 50% of the shares offered under the Capital Raising for Erin shareholders in priority to all other applicants (**Priority Offer**).

Approval for the issue of Shares pursuant to the Capital Raising is the subject of Resolution 3.

Messrs Grant Davey, James Malone, David Chapman and Robert Besley (a proposed director of the Company) will all be subscribing for Shares under the Capital Raising, which are the subject of Resolutions 6 to 9 of this Notice.

### **Placement**

The Company will be required to issue:

- (a) 35,000,000 Shares (on a pre-Consolidation basis) to Verona Capital Pty Ltd (**Verona Capital**) in part consideration for the provision of corporate and technical services to the Company; and
- (b) 25,000,000 Shares (on a pre-Consolidation basis) to investor clients of Verona Capital to raise net proceeds of \$250,000 (**Placement**).

Resolutions 10 & 11 seek approval for the Placement to Verona Capital and sophisticated investors.

### **Demerger of Erin's Nigerian Assets**

Erin currently holds various assets located in Nigeria. It is a term of the Agreement that prior to completion; Erin will successfully demerge these assets so that only

Erin Resources and Erin Senegal (which both relate to Erin's Senegalese assets) remain within the Erin group.

**Issue of Options to Verona Capital**

In part consideration for the provision of corporate advisory services to the Company, the Company will issue at completion, 40,000,000 unlisted options (on a pre-Consolidation basis) to Verona Capital exercisable at \$0.20 each expiring on or before 30 June 2017.

Approval for the issue of these Options to Verona Capital is the subject of Resolution 11.

**New Board of Directors**

It is a requirement that on or before completion, two (2) of Erin's existing directors, will be appointed as directors of HEA (with Erin's other directors resigning as directors of Erin). The Company currently proposes to appoint Mr Robert Besley and Mr Mike Houston from Erin to the Board of Directors of HEA.

Mr Jason Davis, Mr Jim Malone and Mr Grant Davey (who was appointed as Managing Director of the Company on 21 June 2012) will remain on the Board of HEA.

**Change of Name**

As a result of the Acquisition, the Company proposes to change its name to Erin Resources Limited. Approval for the change of name is the subject of Resolution 12.

**1.8 Pro forma balance sheet**

An audited pro forma balance sheet of the Company following completion of the Acquisition contemplated by this Notice of Meeting is set out in Schedule 4.

**1.9 Pro forma capital structure**

The pre-Consolidation capital structure of the Company following completion of the Acquisition is set out below:

	<b>Shares (pre-Consolidation)</b>	<b>Options (pre-Consolidation)</b>
Current issued capital <sup>1</sup>	215,000,000 <sup>5</sup>	Nil
Issued pursuant to Capital Raising (Resolution 3)	150,000,000	Nil
Issued on completion of the Acquisition (Resolution 4)	250,000,000 <sup>4</sup>	Nil
Issued to Verona Capital Pty Ltd (Resolutions 10 & 11)	35,000,000	40,000,000 <sup>2</sup>
<b>Total on completion of the Acquisition<sup>3</sup></b>	<b>650,000,000<sup>4</sup></b>	<b>40,000,000</b>

Notes:

1. Assumes no further securities are issued prior to completion of the Acquisition, other than as set out in the table.
2. Options are exercisable at \$0.20 each on or before 30 June 2017.
3. Assumes that no Options are exercised.
4. As part of the consideration for the Acquisition, the Company will also issue pro-rata to the Erin shareholders 130,000,000 voluntary holding lock shares (**VHL Shares**) (on a pre-Consolidation basis) on the terms as set out in Section 1.7.
5. A total of 25,000,000 Shares (on a pre-Consolidation basis) were issued to sophisticated investor clients on or about 13 June 2012.

### **1.10 Advantages of the Acquisition**

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the proposed Resolutions:

- (a) the Acquisition represents a significant investment opportunity for the Company to diversify its interests to include gold exploration and development in a highly prospective region of the world;
- (b) the Board of Directors will provide an experienced set of skills to guide the growth of the Company;
- (c) the acquisition of potentially valuable mineral projects in Senegal provides the Company with the opportunity, upon a successful exploration program being achieved, to substantially increase the value of the Company;
- (d) the Company may be able to raise further funds at higher prices by way of share equity as a result of the Acquisition;
- (e) the change of activities by the Company includes the opportunity to undertake a significant capital raising that will enable the Company to properly conduct its exploration programs in Senegal;
- (f) the Consolidation of the Company's capital structure will result in greater value for Shareholders and investors; and
- (g) Senegal is a politically stable democracy with attractive foreign investment rules.

### **1.11 Disadvantages of the Acquisition**

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the proposed Resolutions:

- (a) the Company will be changing the nature and scale of its activities to include gold exploration activities in Senegal, which may not be consistent with the objectives of all Shareholders;
- (b) the Acquisition and the Capital Raising will result in the issue of Shares to the Erin Shareholders, Verona Capital and new investors, which will have a dilutionary effect on the holdings of Shareholders;
- (c) significant future outlays of funds will be required in the form of exploration commitments on the Projects; and

- (d) there are inherent risks associated with the change in nature of the Company's activities associated with the Projects. Some of these risks are summarised in Section 1.12 below.

## **1.12 Risk factors**

Shareholders should be aware that if the proposed Acquisition is approved, the Company will be changing the nature and scale of its activities. Based on the information available, a non-exhaustive list of risk factors are as follows:

### **Risks relating to the Change in Nature and Scale of Activities**

#### **Re-Quotation of Shares on ASX**

The acquisition of the Projects constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the official list of ASX.

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Shares on the ASX. Should this occur, the Shares will not be able to be traded on the ASX until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their Shares should the Company be suspended until such time as it does re-comply with the ASX Listing Rules.

#### **Dilution Risk**

The Company currently has 215,000,000 shares on issue (on a pre-Consolidation basis). On completion of the Acquisition, the Company proposes to issue a further 565,000,000 Shares (on a pre-Consolidation basis) (including the VHL Shares) on completion of the Acquisition.

If all these Shares are issued (and released from voluntary holding lock) and Options exercised (and provided no other Shares are issued or Options exercised), the interests of Shareholders in the Company will be diluted by approximately 38% on a post-offer (pre-Consolidation) basis. There is also a risk that the interests of Shareholders will be further diluted as a result of future capital raisings required in order to fund the Projects.

#### **Liquidity Risk**

On completion of the Acquisition, the Company proposes to issue 250,000,000 Shares and 130,000,000 VHL Shares to the Vendors (on a pre-Consolidation basis). Furthermore the Company will issue 35,000,000 Shares (on a pre-Consolidation basis) to Verona Capital in consideration for services relating to the Acquisition. These securities have all been classified by the ASX as restricted securities and are subject to escrow restrictions of up to 24 months from their date of issue (as required by the ASX Listing Rules). Based on the post-offer capital structure (on a pre-Consolidation basis) (and assuming no further Shares are issued or Options exercised), this will equate to approximately 64% of the post-Offer expanded Share capital (on a pre-Consolidation basis). This could be considered an increased liquidity risk as a large portion of issued capital may not be able to be traded freely for a period of time.

#### **Renewal of the Balakonko and Garaboueya Permits**

Erin has recently applied for renewal of both the Balakonko and Garaboueya Permits which are set to expire on 12 August 2012. It is at the sole discretion of the Ministry of Mines in Senegal whether to approve the permits and if any

conditions of the permits have not been met by the joint venture parties (including meeting minimum expenditure obligations on the Projects), the permits may be subject to forfeiture.

The Company cannot guarantee that the permits will be renewed beyond their current expiry date and there is a material risk that, in the event the Company is unable to renew these granted tenements beyond their current expiry date, the Company's interest in the Balakonko and Garaboueya Permits will be relinquished.

Furthermore, even if the permits are renewed, the Ministry has the discretion to impose new conditions on the permits for any renewed term.

As at the date of this Notice, both renewal applications are still pending with the Ministry.

### **Joint Venture Risk**

As a result of the Acquisition, the Company will acquire various interests in the Projects via joint ventures currently in place between Erin and each of MRC, SODEMINES and Afrigem.

The Company is subject to the risk that changes in the status of any of the joint ventures (including changes caused by financial failure or default by a participant in the joint venture) may adversely affect the future operations and performance of the Company.

### **Consent of the Ministry of Mines in Senegal**

It is a requirement under each of the joint venture agreements that each of Afrigem, MRC and SODEMINES procures the consent of the Ministry of Mines in Senegal for the assignment of each relevant joint venture interest or otherwise those parties will hold such interest on trust for Erin until such approval has been obtained.

The Company has not yet received formal consent from the Ministry with respect to the assignment of each joint venture interest to Erin. Accordingly, the Company (through Erin) currently does not have a registered interest in any of the Permits. Despite this, the Company has no reason to believe that such consent will be withheld.

### **Contractual Risk**

Pursuant to the Agreement, the key terms of which are summarised above, the Company has agreed to acquire 100% of Erin (and in turn various interests in the Projects) subject to the fulfilment of certain conditions, including the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the official list of the ASX.

The ability of the Company to achieve its stated objectives will depend on the performance by Erin of its respective obligations under the Agreement. If Erin defaults in the performance of its obligations, the Agreement may be terminated and it may be necessary for the Company to approach the Court to seek a legal remedy. Legal action can be costly and there can be no guarantee that a legal remedy will ultimately be granted on appropriate terms.

### **Divestment Risk**

It is a condition of the joint venture agreement between Erin and MRC in relation to the Woye, Balakonko and Garaboueya Permits that on completion of a

bankable feasibility study and the granting of a mining concession, the government of Senegal will be given a 10% free carried interest in the permits and both MRC and Erin's holdings in the permits will be reduced so that Erin will hold 72% (reduced from 80%), and MRC will hold 18% (reduced from 20%).

### **Co-existence**

Pursuant to the terms and conditions of the joint venture agreements between Erin and Afrigem in respect of the Bouroubourou and Lingokoto Permits, Erin has contractual rights and obligations in relation to the co-existence, exploration and potentially mining on the Permits. Afrigem has the right to recover 37,500 ounces of gold by way of shallow (to a maximum depth of 15 metres), small scale mining operations from the Bouroubourou and Lingokoto Permits and all gold recovered from the operation shall be the sole property of Afrigem.

There is a risk that the Company (through Erin) may not be able to complete all of its preferred exploration programmes in its preferred timetable or at all, as a result of a conflict with the exploration activities of Afrigem.

### **Risks relating to the Company's operations**

#### **Exploration and Development Risks**

The business of gold exploration, project development and production, by its nature, contains elements of significant risk with no guarantee of success. Ultimate and continuous success of these activities is dependent on many factors such as:

- (a) the discovery and/or acquisition of economically recoverable reserves;
- (b) access to adequate capital for project development;
- (c) design and construction of efficient development and production infrastructure within capital expenditure budgets;
- (d) securing and maintaining title to interests;
- (e) obtaining consents and approvals necessary for the conduct of coal exploration, development and production; and
- (f) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Whether or not income will result from the Projects undergoing an exploration and development program depends on successful exploration and establishment of production facilities. Factors including costs and reliability and commodity prices affect successful project development and operations.

Mining activities carry risk and as such, activities may be curtailed, delayed or cancelled as a result of weather conditions, mechanical difficulties, shortages or delays in the delivery of equipment.

Industry operating risks include fire, explosions, industrial disputes, unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, mechanical failure or breakdown and environmental hazards such as accidental spills or leakages, or geological uncertainty. The occurrence of any of these risks could result in legal proceedings against the Company and substantial losses to the Company due to injury or loss of life, damage to or destruction of property, natural resources or equipment, pollution or other



environmental damage, cleanup responsibilities, regulatory investigation, and penalties or suspension of operations. Damage occurring to third parties as a result of such risks may give rise to claims against the Company.

There is no assurance that any exploration on current or future interests will result in the discovery of an economic deposit of coal. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically developed.

### **Resource estimates**

The Company does not presently have any JORC Code compliant resources on the Permits in which it is acquiring an interest. In the event a resource is delineated this would be an estimate only. An estimate is an expression of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

### **General Economic and Political Risks**

Changes in the general economic and political climate in Senegal and on a global basis could impact on economic growth, coal prices, interest rates, the rate of inflation, taxation and tariff laws, domestic security which may affect the value and viability of any gold activity that may be conducted by the Company.

### **Commodity Price Volatility and Exchange Rate Risks**

If the Company achieves success leading to gold production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for coal, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Senegalese and Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States Dollar, the CAF Franc and the Australian Dollar as determined in international markets.

### **Regulatory**

Changes in relevant taxes, legal and administration regimes, accounting practice and government policies may adversely affect the financial performance of the Company.

### **General Risks**

#### **Additional Requirements for Capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company

may require further financing in the future. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be.

### **Potential Acquisitions**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies or prospects although no such acquisitions or investments are currently planned. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions.

### **Market Conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) interest rates and inflation rates;
- (c) currency fluctuations;
- (d) changes in investor sentiment toward particular market sectors;
- (e) the demand for, and supply of, capital; and
- (f) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

### **Reliance on Key Management**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

### **Sovereign Risk**

The Company's key projects are located in Senegal. Senegal is a politically stable democratic country located to the south of the Sénégal River in West Africa. Commercial gold mining started in Senegal in 2009 and is in the early stages of development.

Possible sovereign risks associated with operating in Senegal include, without limitation, changes in the terms of mining legislation, changes to royalty arrangements, changes to taxation rates and concessions and changes in the ability to enforce legal rights. Any of these factors may, in the future, adversely affect the financial performance of the Company and the market price of its shares.

No assurance can be given regarding future stability in Senegal or any other country in which the Company may, in the future, have an interest.

### **Government policy changes**

Adverse changes in government policies or legislation may affect ownership of mineral interests, taxation, royalties, land access, labour relations, and mining and exploration activities of the Company. It is possible that the current system of exploration and mine permitting in Senegal may change, resulting in impairment of rights and possibly expropriation of the Company's properties without adequate compensation.

### **Investment Speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above may, in the future, materially affect the financial performance of the Company and the value of the Company's securities.

#### **1.13 Plans for the Company if the Resolutions are not passed**

If the Resolutions are not passed and the acquisition of Erin is not completed, the Company will continue to develop its existing activities and look for potential projects in order to take the Company forward.

#### **1.14 Directors' Recommendation**

The Directors of the Company unanimously recommend the Acquisition (and change in nature and scale of the Company's activities) and that Shareholders vote in favour of the proposed Resolutions. It is the view of the Directors that the Acquisition will give the Company's Shareholders the opportunity to participate in a potentially significant exploration and development programme in respect of a highly prospective gold projects.

#### **1.15 Competent Person**

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Mark Fleming, who is a Member of the Australian Institute of Mining and Metallurgy. Mr Fleming has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Fleming consents to the inclusion in the Notice of the matters based on his information in the form and context in which it appears.

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## **2. RESOLUTION 1 – APPROVAL FOR CHANGE IN NATURE AND SCALE OF ACTIVITIES**

### **2.1 General**

Resolution 1 seeks the approval of Shareholders for a change in the nature and scale of the Company's activities from that of a bioscience technology company into a gold exploration and development company with interests in Senegal, via the 100% acquisition of Erin.

As outlined in Section 1 of this Explanatory Statement, the Company has entered into the Agreement with Erin and certain warrantors of Erin to acquire 100% of the issued share capital in Erin. Erin in turn holds various interests in the Projects.

As at the date of this Notice of Meeting, Erin has informed the Company that it has received fully executed transfer forms in favour of HEA from all the Vendors. Each of these offers however is conditional upon completion occurring in accordance with the terms of the Agreement.

A detailed description of the proposed acquisition of Erin is outlined in Section 1 above.

This Resolution is conditional on Resolutions 2 to 4 in this Notice of Meeting being approved.

## **2.2 ASX Listing Rule 11.1**

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature and scale of its activities, it must provide full details to ASX as soon as practicable and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtain the approval of holders of its shares and any requirements of ASX in relation to the notice of meeting; and
- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the company were applying for admission to the official list of ASX.

ASX has indicated to the Company that, given the significant change in the nature and scale of the activities of the Company upon completion of the acquisition of Erin (and Erin's interests in the Projects), it requires the Company to:

- (a) obtain the approval of its Shareholders for the proposed change of activities; and
- (b) re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

For this reason, the Company is seeking Shareholder approval for the Company to change the nature and scale of its activities under ASX Listing Rule 11.1.2.

Details of the new business to be acquired by the Company and the proposed changes to the structure and operations of the Company are set out throughout this Explanatory Statement.

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## **3. RESOLUTION 2 – CONSOLIDATION OF CAPITAL**

### **3.1 Background**

Resolution 2 seeks Shareholder approval to consolidate the number of Shares on issue on a 10 to 1 basis (**Consolidation**).

The purpose of the Consolidation is to reduce the number of Shares on issue, to correspondingly increase the imputed value of each Share, to make investment in the Company's securities more attractive to institutional and other investors and to position the Company for long term growth.

The Consolidation is also a requirement in order for the Company to re-comply with ASX Listing Rules 1 and 2 (which, as set out in Section 2.2 above, is necessary in order for the Acquisition to proceed).

### 3.2 Legal requirements

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number.

### 3.3 Fractional entitlements and taxation

Not all Shareholders will hold that number of Shares which can be evenly divided by 10. Where a fractional entitlement occurs, the Directors will round that fraction up to the nearest whole Share.

Shareholders are advised to seek their own tax advice on the effect of the Consolidation and neither the Company, nor the Directors (or the Company's advisors) accept any responsibility for the individual taxation implications arising from the Consolidation.

### 3.4 Holding statements

From the date of the Consolidation all holding statements for Shares will cease to have any effect, except as evidence of entitlement to a certain number of Shares on a post-Consolidation basis. After the Consolidation becomes effective, the Company will arrange for new holding statements for Shares to be issued to holders of those Shares.

It is the responsibility of each Shareholder to check the number of Shares held prior to any disposal or exercise (as the case may be).

### 3.5 Effect on capital structure

The effect which the Consolidation will have on the capital structure of the Company is set out in the table in Section 1.9 of this Explanatory Statement.

### 3.6 Timetable

The indicative timetable for the Consolidation is as follows:

Event	Date
General Meeting to approve transaction	17 August 2012
Notification to ASX of results of General Meeting	17 August 2012
Last day for trading in pre-reorganised securities	20 August 2012
Trading in reorganised securities on a deferred settlement basis would ordinarily occur	21 August 2012
Last day to register transfers on a pre-reorganisation basis	27 August 2012
First day for Company to send notice to Shareholders of change of holdings as a result of reorganisation First day for Company to register securities on a post-reorganisation basis and for issue of holding statements	28 August 2012
Despatch date Deferred settlement market ends Last day for securities to be entered into the holders' security holdings and for Company to send notice to each security holder	3 September 2012

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## **4. RESOLUTION 3 – CAPITAL RAISING**

### **4.1 General**

Resolution 3 seeks Shareholder approval for the allotment and issue of up to 15,000,000 Shares at an issue price of \$0.20 per Share to raise up to a total of \$3,000,000 (**Capital Raising**) under a prospectus to be issued by the Company pursuant to ASX Listing Rule 11.1.3 in order to re-comply with Chapters 1 and 2 of the ASX Listing Rules (**Prospectus**).

The Company intends to issue the Prospectus on or about 25 July 2012.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 3 will be to allow the Directors to issue the Shares pursuant to the Capital Raising during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### **4.2 Technical information required by ASX Listing Rule 7.3**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the offer of Shares under the Prospectus:

- (a) the maximum number of Shares to be issued is 12,500,000 (on a post-Consolidation basis) by way of full subscription and a further 2,500,000 Shares (on a post-Consolidation basis) by way of oversubscriptions;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the issue price will be \$0.20 per Share (on a post-Consolidation basis);
- (d) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (e) except those related parties to be issued Shares in accordance with Resolutions 5 to 9 below, the Directors will otherwise determine to whom the Shares will be issued (provided that the Directors must offer 50% to Erin shareholders under the Priority Offer), and will ensure that these persons will not be related parties of the Company; and
- (f) the Company intends to use the funds raised (\$3,000,000) from the Capital Raising to enable the Company to fund the development of the Projects in Senegal.

Further details on the use of funds will be set out in the Prospectus that will be issued in respect of the Capital Raising.

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## 5. RESOLUTION 4 – ISSUE OF CONSIDERATION SECURITIES TO THE VENDORS

### 5.1 General

As outlined in Section 1 of this Explanatory Statement, the Company has entered into an Agreement pursuant to which the Company has the right to acquire 100% of the issued share capital of Erin, and accordingly, Erin's interests in the Projects.

The Company has made separate offers to each of the shareholders of Erin (**Vendors**) (conditional upon completion occurring in accordance with the Agreement) in order to acquire their Erin shares.

In consideration for the acquisition of all the shares in Erin, the Company is required, subject to Shareholder approval, to issue the following shares on completion of the Acquisition to the Erin shareholders on a pro-rata basis:

- (a) 250,000,000 Shares (on a pre-Consolidation basis); and
- (b) 130,000,000 voluntary holding lock shares (**VHL Shares**) (on a pre-Consolidation basis) which will only be released from their holding lock upon the earlier of the following being satisfied:
  - (i) a change in control of the Company; or
  - (ii) the Company achieving an enterprise value of A\$25 million for ten (10) consecutive trading days (**Milestone**), (together, the **Consideration Securities**).

The Company will apply for quotation of the VHL Shares upon completion and the VHL Shares will be fully paid ordinary shares that will rank equally with all existing Shares on issue.

If there is no change of control of the Company and the Milestone is not satisfied by the date that is 5 years after the date of issue of the VHL Shares, HEA will conduct either a reduction of capital or a share buyback (at a price of \$0.000001 per VHL Share) of the VHL Shares, subject to compliance with the Corporations Act.

The Consideration Securities will be subject to escrow conditions of up to 24 months from their date of issue in accordance with the ASX Listing Rules.

The terms of the Agreement are summarised in Section 1.7 above.

A summary of ASX Listing Rule 7.1 is set out in Section 4.1.

The effect of Resolution 4 will be to allow the Directors to issue the Consideration Securities to the Vendors during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### 5.2 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Consideration Securities in accordance with Resolution 4:

- (a) the maximum number of securities to be issued is 250,000,000 Shares (on a pre-Consolidation basis) and 130,000,000 VHL Shares (on a pre-Consolidation basis);

- (b) the Consideration Securities will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the Consideration Securities will be issued for nil cash consideration for the acquisition of Erin. Accordingly, no funds will be raised from their issue;
- (d) the Shares and VHL Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares (and will rank equally with the Company's existing Shares);
- (e) the full terms and conditions of the VHL Shares are set out in Schedule 2;
- (f) the Consideration Securities will be issued to the Vendors in proportion to their holdings in Erin as set out in Schedule 1; and
- (g) other than as set out in Resolution 5, none of the Vendors are related parties of the Company.

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## **6. RESOLUTION 5 – ISSUE OF CONSIDERATION SECURITIES TO ROBERT & JANE BESLEY**

### **6.1 General**

As outlined in Section 5.1 above, the Company is required to issue a total of 250,000,000 Shares (on a pre-Consolidation basis) and 130,000,000 VHL Shares (on a pre-Consolidation basis) to the Vendors in consideration for the Acquisition.

Of these Consideration Securities to be issued, a total of 6,683,499 Shares (on a pre-Consolidation basis) and 3,475,420 VHL Shares (on a pre-Consolidation basis) are to be issued to Jane Besley and Robert Besley as trustees of the R & J Besley Superannuation Fund (**Related Party Securities**). Please refer to Schedule 1 for details of their apportionment.

Robert Besley is a related party of the Company by virtue of being proposed as a Director of the Company. Jane Besley is also deemed a related party of the Company by virtue of being the spouse of Robert Besley.

Resolution 5 seeks Shareholder approval for the grant of the Related Party Securities to Robert & Jane Besley.

### **6.2 Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.



The issue of the Related Party Securities constitutes giving a financial benefit and Robert & Jane Besley are related parties of the Company for the reasons set out in Section 6.1 above.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Related Party Securities because the Related Party Securities are being issued on exactly the same terms as those issued to the other Vendors in proportion to their existing holdings in Erin. Therefore the Directors of the Company are satisfied that the issue falls within the 'arm's length' exception in accordance with s210 of the Corporations Act.

### **6.3 ASX Listing Rule 10.11**

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As this issue of Related Party Securities involves the issue of securities to related parties of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

### **6.4 Technical Information required by ASX Listing Rule 10.13**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 5:

- (a) the Related Party Securities will be issued to Mr Robert Besley and Mrs Jane Besley as trustees of the R & J Superannuation Fund;
- (b) the total number of Related Party Securities to be issued is 6,683,499 Shares (on a pre-Consolidation basis) and 3,475,420 VHL Shares (on a pre-Consolidation basis);
- (c) the Shares and VHL Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares (and will rank equally with the Company's existing Shares);
- (d) the Related Party Securities will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (e) the Related Party Securities will be issued for nil cash consideration, accordingly no funds will be raised (as they are being issued in consideration for the Acquisition); and
- (f) the full terms and conditions of the VHL Shares are set out in Schedule 2.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Related Party Securities as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Related Party Securities to Mr & Mrs Besley will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

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## **7. RESOLUTIONS 6 TO 9 – ISSUE OF SHARES TO RELATED PARTIES**

### **7.1 General**

The following Directors of the Company intend to subscribe for the following pursuant to the Capital Raising:

- (a) Mr Grant Davey – 500,000 Shares (on a post-Consolidation basis);
- (b) Mr James Malone – 250,000 Shares (on a post-Consolidation basis); and
- (c) Mr David Chapman – 50,000 Shares (on a post-Consolidation basis).

In addition, Mr Robert Besley, a proposed director of the Company, intends to subscribe for up to 250,000 Shares (on a post-Consolidation basis).

Messrs Davey, Malone and Chapman are related parties of the Company by virtue of being Directors of the Company. Mr Robert Besley is a related party by virtue of being a proposed director of the Company in accordance with the Agreement.

Resolutions 6 to 9 seek Shareholder approval for the Directors to subscribe for Shares (as detailed above) under the Capital Raising.

### **7.2 Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The issue of the Shares constitutes giving a financial benefit and Messrs Davey, Malone and Chapman are related parties of the Company by virtue of being Directors of the Company. Mr Robert Besley is a related party by virtue of being a proposed director of the Company in accordance with the Agreement.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Shares because the Shares are being issued on exactly the same terms as those issued to other parties under the Capital Raising. Therefore the Directors of the Company are satisfied that the issue falls within the 'arm's length' exception in accordance with s210 of the Corporations Act.

### **7.3 ASX Listing Rule 10.11**

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As this issue of Shares involves the issue of securities to related parties of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required

unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

#### 7.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 6 to 9:

- (a) the Shares will be issued to Messrs Davey (500,000 Shares on a post-Consolidation basis), Malone (250,000 Shares on a post-Consolidation basis), Besley (250,000 Shares on a post-Consolidation basis) and Chapman (50,000 Shares on a post-Consolidation basis) who are related parties of the Company by virtue of being Directors (or proposed directors) of the Company;
- (b) the Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares and will rank equally with the Company's existing Shares;
- (c) the Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (d) the Shares will have an issue price of \$0.20 each; and
- (e) a total of \$210,000 will be raised from these subscriptions which will be used towards funding the development of the Projects in Senegal.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Related Party Securities as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Related Party Securities to Messrs Malone, Davey, Chapman and Besley will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

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## 8. RESOLUTION 10 – RATIFICATION OF PLACEMENT

### 8.1 General

On or about 13 June 2012, as required in accordance with the Agreement, the Company issued 25,000,000 Shares (on a pre-Consolidation basis) to sophisticated investors at an issue price of \$0.01 each to raise \$250,000.

The Shares are subject to escrow restrictions in accordance with Appendix 9B of the ASX Listing Rules.

Resolution 10 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

A summary of ASX Listing Rule 7.1 is set out in Section 4.1.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

## **8.2 Technical information required by ASX Listing Rule 7.4**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) a total of 25,000,000 Shares (on a pre-Consolidation basis) have been allotted;
- (b) 25,000,000 Shares (on a pre-Consolidation basis) were issued to sophisticated investor clients of Verona Capital at an issue price of \$0.01 each in order to raise \$250,000 (none of whom were related parties of the Company);
- (c) the Shares will all be issued as fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares (and will rank equally with the Company's existing Shares); and
- (d) the funds raised from the issue (\$250,000) will be used by the Company towards funding the Projects and for general working capital purposes.

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## **9. RESOLUTION 11 – ISSUE OF SECURITIES TO VERONA CAPITAL**

### **9.1 General**

In accordance with the terms of the Agreement, the Company is required to issue 40,000,000 Options and 35,000,000 Shares (on a pre-Consolidation basis) to Verona Capital in part consideration for the provision of corporate and technical services to the Company. The terms of the Agreement are summarised in Section 1.7 above.

A summary of ASX Listing Rule 7.1 is set out in Section 4.1.

The effect of Resolution 11 will be to allow the Directors to issue the securities to Verona Capital during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

The securities will be subject to escrow restrictions in accordance with Appendix 9B of the ASX Listing Rules.

### **9.2 Technical information required by ASX Listing Rule 7.3**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the securities in accordance with Resolution 11:

- (a) the maximum number of securities to be issued is 40,000,000 Options and 35,000,000 Shares (on a pre-Consolidation basis);
- (b) the Options will have an exercise price of \$0.20 each and will expire on or before 30 June 2017;
- (c) the securities will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (d) the Shares will all be issued as fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the

Company's existing Shares (and will rank equally with the Company's existing Shares);

- (e) the securities will be issued for nil cash consideration as they are being issued to Verona Capital in part consideration for the provision of corporate and technical services to the Company. Accordingly, no funds will be raised from their issue;
- (f) the full terms and conditions of the Verona Capital Options are set out in Schedule 3; and
- (g) Verona Capital is not a related party of the Company.

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## 10. RESOLUTION 12 - CHANGE OF COMPANY NAME

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

Resolution 12 seeks the approval of Shareholders for the Company to change its name to **Erin Resources Limited**.

If Resolution 12 is passed the change of name will take effect when ASIC alters the details of the Company's registration.

The proposed name has been reserved by the Company and if Resolution 12 is passed, the Company will lodge a copy of the special resolution with ASIC on completion of the Acquisition in order to effect the change.

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## 11. RESOLUTION 13 – ADOPTION OF NEW CONSTITUTION

### 11.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 13 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and ASX Listing Rules.

This will incorporate amendments to the Corporations Act and ASX Listing Rules since the current Constitution was adopted in 2006.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to:

- updating the name of the Company to that adopted in Resolution 12;
- updating references to bodies or legislation which have been renamed (e.g. references to the Australian Settlement and Transfer Corporation Pty Ltd, ASTC Settlement Rules and ASTC Transfer); and

- expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website [www.healthcorporation.com.au](http://www.healthcorporation.com.au) and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 8 9389 2000). Shareholders are invited to contact the Company if they have any queries or concerns.

## **11.2 Summary of material proposed changes**

### **Minimum Shareholding (clause 3)**

Clause 3 of the Constitution outlines how the Company can manage shareholdings which represent an "unmarketable parcel" of shares, being a shareholding that is less than \$500 based on the closing price of the Company's Shares on ASX as at the relevant time.

The Proposed Constitution is in line with the requirements for dealing with "unmarketable parcels" outlined in the Corporations Act such that where the Company elects to undertake a sale of unmarketable parcels, the Company is only required to give one notice to holders of an unmarketable parcel to elect to retain their shareholding before the unmarketable parcel can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

Clause 3 of the Proposed Constitution continues to outline in detail the process that the Company must follow for dealing with unmarketable parcels.

### **Fee for registration of off market transfers (clause 8.4(c))**

On 24 January 2011, ASX amended ASX Listing Rule 8.14 with the effect that the Company may now charge a "reasonable fee" for registering paper-based transfers, sometimes referred to "off-market transfers".

Clause 8.4 of the Proposed Constitution is being made to enable the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

### **Dividends (clause 21)**

Section 254T of the Corporations Act was amended effective 28 June 2010.

There is now a three-tiered test that a company will need to satisfy before paying a dividend replacing the previous test that dividends may only be paid out of profits.

The amended requirements provide that a company must not pay a dividend unless:

- (a) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (b) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- (c) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The existing Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. The Directors consider it appropriate to update the Constitution for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

### **Partial (proportional) takeover provisions (new clause 35)**

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to Section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

#### Information required by Section 648G of the Corporations Act

##### *Effect of proposed proportional takeover provisions*

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

##### *Reasons for proportional takeover provisions*

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

##### *Knowledge of any acquisition proposals*

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

### *Potential advantages and disadvantages of proportional takeover provisions*

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) assisting in preventing Shareholders from being locked in as a minority;
- (c) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (d) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (a) proportional takeover bids may be discouraged;
- (b) lost opportunity to sell a portion of their Shares at a premium; and
- (c) the likelihood of a proportional takeover bid succeeding may be reduced.

### Recommendation of the Board

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 13.



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## GLOSSARY

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**\$** means Australian dollars.

**Agreement** means the Financing and Merger Implementation Agreement as detailed at Section 1.7.

**Acquisition** has that meaning as set out in Section 1.2.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Company** means Health Corporation Limited (to be renamed "Erin Resources Limited") (ACN 116 800 269).

**Consolidation** means the consolidation of the Company's capital on the basis of 10 Shares for every 1 Share held.

**Constitution** means the Company's constitution.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Directors** means the current directors of the Company.

**Erin** means Erin Mineral Resources Limited (ACN 128 093 354).

**Erin Resources** means Erin Resources Pty Ltd (ACN 128 242 464).

**Erin Senegal** means Erin Senegal S.A.U (NINEA 004480349).

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**General Meeting** or **Meeting** means the meeting convened by the Notice.

**Notice** or **Notice of Meeting** or **Notice of General Meeting** means this notice of general meeting including the Explanatory Statement and the Proxy Form.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Projects** has that meaning as set out in Section 1.7.

**Proxy Form** means the proxy form accompanying the Notice.

**Resolutions** means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**Verona Capital** means Verona Capital Pty Ltd.

**VHL Shares** means the Shares the subject of a voluntary holding lock with the terms and conditions as set out in Schedule 2.

**WST** means Western Standard Time as observed in Perth, Western Australia.

**SCHEDULE 1 – DISTRIBUTION OF CONSIDERATION SECURITIES TO THE VENDORS**

Erin Shareholder	Erin Shares	%	Consideration Securities	
			HEA Shares	VHL Shares
Exploration Capital Partners 2009 Limited Partnership	8,000,000	23.76%	59,408,881	30,892,619
Fadco Investments Limited	6,000,000	17.82%	44,556,660	23,169,464
Sunbeam Opportunities Limited	4,000,000	11.88%	29,704,440	15,446,309
HSBC Custody Nominees (Australia) Ltd	2,000,000	5.94%	14,852,219	7,723,155
Pagodatree Investments Limited	2,000,000	5.94%	14,852,220	7,723,155
BRERETON - Bray Pte Ltd	1,575,000	4.68%	11,696,124	6,081,984
CALM Holdings Pty Ltd <Clifton Superfund>	1,154,000	3.43%	8,569,732	4,456,261
ROCK Investments Trading Limited	1,070,000	3.18%	7,945,938	4,131,888
The Queen Elizabeth Garden Foundation Ltd/Gte	1,000,000	2.97%	7,426,110	3,861,577
Notezy Pty Ltd <Notezy Superfund>	920,000	2.73%	6,832,021	3,552,651
Jane BESLEY and Robert BESLEY <R & J Besley Superannuation Fund>	900,000	2.67%	6,683,499	3,475,420
NOTEZY Pty Ltd	664,000	1.97%	4,930,937	2,564,087
BP-PE1 Cayman Limited	500,000	1.49%	3,713,055	1,930,789
Global Resources Investments Ltd	480,000	1.43%	3,564,533	1,853,557
Afrigold S.L.	360,000	1.07%	2,673,400	1,390,168
LINKUP Investments Limited	300,000	0.89%	2,227,833	1,158,473
OAK Trust (Guernsey) Ltd <The Rolling Stone	200,000	0.59%	1,485,222	772,315

Trust>				
GYMBIA Limited	200,000	0.59%	1,485,222	772,315
GOLD Leaf Aroma Limited	200,000	0.59%	1,485,222	772,315
Orion Trust Limited ATF The Doobee Trust	200,000	0.59%	1,485,222	772,315
Orion Trust Limited ATF The Keildon No 2 Trust	200,000	0.59%	1,485,222	772,315
Wilvale Limited	200,000	0.59%	1,485,222	772,315
MIRABAUD & Cie	192,000	0.57%	1,425,813	741,423
Secure Nominees Limited A/C SVCLT	100,000	0.30%	742,611	386,158
ST Assets Portfolio Limited	100,000	0.30%	742,611	386,158
Walworth Capital Ltd	100,000	0.30%	742,611	386,158
Dr Suraj ABDURRAHMAN	100,000	0.30%	742,611	386,158
Ms Fatima WALI	100,000	0.30%	742,611	386,158
Peter Mark BALDWIN	85,000	0.25%	631,219	328,234
Patrick Paul KENNAN & Marjorie KENNAN	62,500	0.19%	464,132	241,349
HSBC Custody Nominees (Australia) Ltd	50,000	0.15%	371,306	193,079
AELEX Partners Investments Limited	50,000	0.15%	371,306	193,079
EASTERN & Pacific Capital Pty. Limited <B W McLeod Superfund>	50,000	0.15%	371,306	193,079
ENGLISH Leisure Property Nigeria Ltd	50,000	0.15%	371,306	193,079
Empire Energy Group Limited	50,000	0.15%	371,306	193,079
Timothy MILLETT & Kathryn MILLETT <The T & K Millett Superannuation Fund>	50,000	0.15%	371,306	193,079
Dele OLOJEDE	50,000	0.15%	371,306	193,079
Khadir DASUKI	43,333	0.13%	321,796	167,334

Farcola Pty Ltd	31,667	0.09%	235,163	122,285
Joanna MADUKA	30,000	0.09%	222,783	115,847
Olusegun Oyeleke ADEWOYE	25,000	0.07%	185,653	96,539
GRAZIAN Pty Ltd <IB Murie Account>	25,000	0.07%	185,653	96,539
Hakeem Olamide SANUSI	25,000	0.07%	185,653	96,539
Inswinger Holdings Pty Ltd <CMSS Superannuation Fund A/c>	25,000	0.07%	185,653	96,539
Christopher Brian GOOD	25,000	0.07%	185,653	96,539
Peter Michael Good	25,000	0.07%	185,653	96,539
David James GOOD	25,000	0.07%	185,653	96,539
Norman Bruce HOPEWELL	25,000	0.07%	185,653	96,539
Kenneth John GIBBS	12,500	0.04%	92,826	48,270
Court Securities Pty Ltd	12,500	0.04%	92,826	48,270
Mr Adam Stuart Davey <The Davey Investment Trust>	12,500	0.04%	92,826	48,270
Angela Dent Super Fund	10,000	0.03%	74,261	38,616
<b>Total</b>	<b>33,665,000</b>		<b>250,000,000</b>	<b>130,000,000</b>

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## SCHEDULE 2 – TERMS AND CONDITIONS OF VHL SHARES

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The VHL Shares will be issued on the following terms and conditions:

1. The VHL Shares will be quoted and will be subject to a voluntary holding lock, meaning that Erin shareholders will not be able to sell, assign or otherwise transfer their VHL Shares until the voluntary holding lock is released (or, if the voluntary holding lock is released within 12 months, until the remainder of the 12 month escrow period has elapsed).
2. The voluntary holding lock will be released if HEA reaches an enterprise value of \$25 million for 10 consecutive trading days (**Milestone**). Enterprise value is calculated as market capitalisation plus debt minus cash.
3. The voluntary holding lock will also be released if there is a "change of control event" in relation to HEA – that is a takeover or merger of HEA (excluding the merger with Erin) or an HEA shareholder or group of associated HEA shareholders holding more than 50% of the shares in HEA.
4. HEA will apply for the VHL Shares to be quoted on ASX.
5. The VHL Shares will be fully paid ordinary shares that will rank equally with the Company's existing Shares on issue.
6. If, within 5 years from the date of issue of the VHL Shares, the Milestone is not reached and there is no change of control event in relation to HEA, the VHL Shares will be cancelled by way of a selective capital reduction or share buyback (at \$0.000001 per VHL Share).

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### SCHEDULE 3 – TERMS AND CONDITIONS OF VERONA OPTIONS

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The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one Share.
- (b) The Options will only vest and become capable of exercise upon the voluntary holding lock in respect of the VHL Shares being released.
- (c) Each Option will expire at 5.00pm (WST) on 30 June 2017 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) Subject to paragraph (k), the amount payable upon exercise of each Option will be \$0.20 (**Exercise Price**).
- (e) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (f) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
  - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
  - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised; (**Exercise Notice**).
- (g) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (h) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (i) Subject to the expiry of any applicable escrow period the Options shall be freely transferable.
- (j) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (k) The Company will not apply for quotation of the Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (l) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (m) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (n) An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

## SCHEDULE 4 – PRO FORMA BALANCE SHEET

Pro forma HEA Balance Sheet	Prior to the transaction 30-Apr-12	Consolidated Pro forma Post Completion (Minimum)	Consolidated Pro forma Post Completion (Maximum)
	\$	\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents <sup>1</sup>	713,454	2,620,313	3,095,313
Other receivables	23,184	23,184	23,184
<b>TOTAL CURRENT ASSETS</b>	<b>736,638</b>	<b>2,643,497</b>	<b>3,118,497</b>
<b>NON-CURRENT ASSETS</b>			
Other receivables	15,510	-	-
Exploration and evaluation expenditure <sup>2</sup>	-	4,750,000	4,750,000
<b>TOTAL NON-CURRENT ASSETS</b>	<b>15,510</b>	<b>4,750,000</b>	<b>4,750,000</b>
<b>TOTAL ASSETS</b>	<b>752,148</b>	<b>7,393,497</b>	<b>7,868,497</b>
<b>CURRENT LIABILITIES</b>			
Other payables	312,231	387,231	387,231
<b>TOTAL CURRENT LIABILITIES</b>	<b>312,231</b>	<b>387,231</b>	<b>387,231</b>
<b>TOTAL LIABILITIES</b>	<b>312,231</b>	<b>387,231</b>	<b>387,231</b>
<b>NET ASSETS</b>	<b>439,917</b>	<b>7,006,266</b>	<b>7,481,266</b>
Shares on issue <sup>3</sup>	190,000,000	625,000,000	650,000,000
Value per share	0.002	0.011	0.012

### Notes:

1. Cash and cash equivalents are reconciled as follows:

Cash and cash equivalents at 30 April 2012	713,454	713,454
Placement - 25,000,000 shares @ 1 cent each	250,000	250,000
Capital raising - 125,000,000 shares @ 2 cents each	2,500,000	2,500,000
Oversubscriptions up to a maximum of 25,000,000 shares @ 2 cents each	-	500,000
Capital raising costs	(275,000)	(300,000)
Loan draw down by Erin Mineral Resources Limited*	(568,141)	(568,141)
Total cash and cash equivalents post completion of transaction	<b>2,620,313</b>	<b>3,095,313</b>

\*Erin Mineral Resources Pty Ltd have drawn \$384k to date under the Erin loan facility and it is estimated a further \$200k will be drawn under the loan facility up until completion of the transaction.



2. Exploration and evaluation expenditure has been valued based on the fair value of the 250,000,000 ordinary shares issued as part of the purchase consideration. These ordinary shares, have been valued at a value of \$0.019 being the share price on 14 June 2012. In addition to the issue of fully paid ordinary shares, 130,000,000 voluntary holding shares were also issued which are subject to certain vesting conditions. As the probability of achieving the milestones is uncertain given the Group is in exploration stage, the voluntary holding shares have not been assigned a value.

3. Shares on issue are reconciled as follows:

Shares on issue	190,000,000	190,000,000
Vendor shares	250,000,000	250,000,000
Placement shares	25,000,000	25,000,000
Verona Capital Pty Ltd shares	35,000,000	35,000,000
Capital raising	125,000,000	125,000,000
Oversubscription up to a maximum of 25,000,000 shares	-	25,000,000
Total shares on issue post completion of transaction	<b>625,000,000</b>	<b>650,000,000</b>

**Lodge your vote:**



**By Mail:**

Health Corporation Limited  
PO Box Z5446  
Perth St Georges Terrace WA 6831

Alternatively you can fax your form to  
(within Australia) 08 9389 2099  
(outside Australia) +61 8 9389 2099

Or E-Mail to  
info@healthcorporation.com.au

**For all enquiries call:**  
(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000



000001 000  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Proxy Form

**For your vote to be effective it must be received by 11:00am (WST) Wednesday 15 August 2012**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the information tab, "Downloadable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form** →



View your securityholder information, 24 hours a day, 7 days a week:

**[www.investorcentre.com](http://www.investorcentre.com)**

- Review your securityholding
- Update your securityholding

**Your secure access information is:**

**SRN/HIN: I999999999**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

## Proxy Form

Please mark  to indicate your directions

### STEP 1

### Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Health Corporation Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Health Corporation Limited to be held at Level 21, Allendale Square, 77 St Georges Terrace, Perth WA 6000 on Friday, 17 August 2012 at 11:00am (WST) and at any adjournment of that meeting.

**Important for Resolutions 1, 3 and 8:** If the Chairman of the Meeting is your proxy and you have not directed him/her how to vote on Resolutions 1, 3 and 8 below, please mark the box in this section. If you do not mark this box and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Resolutions 1, 3 and 8 and your votes will not be counted in computing the required majority if a poll is called on these Resolutions. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolutions 1, 3 and 8.

I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if he/she has an interest in the outcome of that Item and that votes cast by him/her, other than as proxy holder, would be disregarded because of that interest.

### STEP 2

### Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain			For	Against	Abstain
Resolution 1	Change to Nature and Scale of Activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 9	Issue of Shares to David Chapman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Consolidation of Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 10	Ratification of Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 11	Issue of Securities to Verona Captial	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Consideration Securities to the Vendors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 12	Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of Consideration Securities to Robert & Jane Besley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 13	Adoption of New Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue of Shares to Robert Besley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Resolution 7	Issue of Shares to Grant Davey	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Resolution 8	Issue of Shares to James Malone	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

### SIGN

### Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_

Date \_\_\_\_ / \_\_\_\_ / \_\_\_\_

HEA

1 5 2 1 8 7 A

Computershare